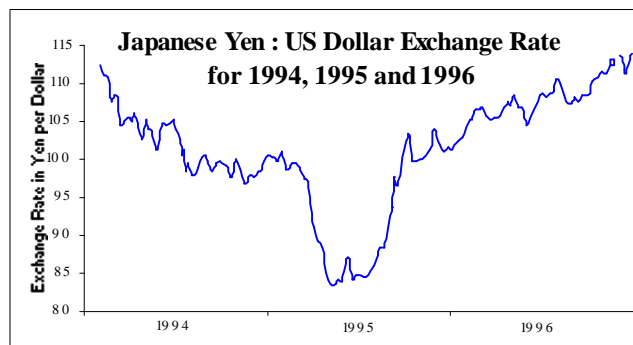
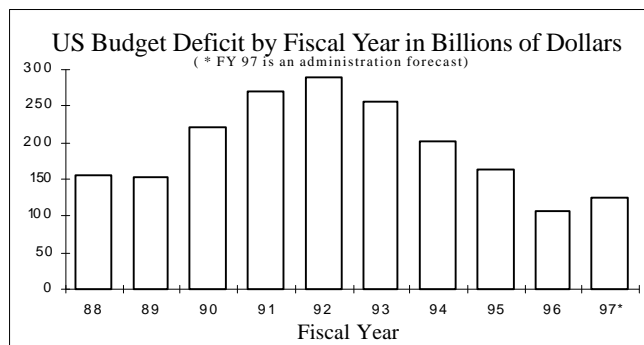


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BUDGET DEFICIT INCREASING

The Treasury Department has reported that the budget deficit for October 1996 was considerably higher than for October 1995. Revenues increased by only 4% compared with October 1995 while expenditures increased by 18%. The fact that the government was operating on a reduced temporary budget in October 1995 was the cause of the low expenditures last year. Overall for FY 97, the administration predicts that the deficit will rise by 17% to \$125.7 billion. This follows a four year of steady decline of the deficit.

YEN:DOLLAR RATE CONTINUES UPWARD TREND

The yen:dollar exchange rate recently topped 114 yen/dollar, the highest rate since 1993. The weak Japanese economy, which grew only 0.1% in the third quarter and contracted by 0.3% in the second quarter, the relatively strong US economy, and an announcement by the Japanese government that it will not raise interest rates soon, are all factors contributing to the yen's weakness.

FACTORY OUTPUT FALLS IN OCTOBER

The Federal Reserve reported that industrial production fell 0.5% in September, the first decline in seven months. Most of the decline was attributed to factory shutdowns related to strikes against General Motors. With the auto industry excluded, industrial production declined 0.2%. The Federal Reserve also reported that the industrial capacity utilization rate fell to 82.7%. These statistics are consistent with other indicators of a slowing in the overall rate of economic growth.

TRADE DEFICIT WIDENS

The Commerce Department reported that the trade deficit for goods and services in September rose to \$11.3 billion, \$1 billion higher than in August and the second highest level since 1992. Exports, a source of recent strength in the US economy, fell by \$1 billion, mostly due to a reduction in volatile civilian aircraft deliveries, while imports were virtually unchanged. The total deficit for goods rose to a record \$17.6 billion in September of which China accounted for \$4.7 billion, Japan \$3.8 billion, Canada \$2.0 billion, Mexico \$1.7 billion, Taiwan \$1.3 billion and Germany \$1.1 billion.

JAPAN RELEASES \$500 MILLION OF AID TO RUSSIA

The Japanese government announced that it has released \$500 million in loans to Russia for commercial and industrial projects. The release of the funds occurred during negotiations between Russia and Japan on the status of some of the Kuril Islands, held by Russia but claimed by both countries. Russia has proposed joint economic development of the islands which are believed to be rich in minerals.

FUEL PRICES (dollars/bbl) AND EXCHANGE RATES (foreign units/US dollars)

	<u>Nov 29</u>	<u>Nov 22</u>		<u>Nov 29</u>	<u>Nov 22</u>
Crude Oil (Foreign)	21.15	21.80	DM (Germany)	1.54	1.50
Crude Oil (Domestic)	23.73	24.35	Yen (Japan)	113.61	111.41
Pound (UK)	0.594	0.594	Peso (Mexico)	7.88	7.88
Ruble (CIS)	5510	5492	Won (S. Korea)	829	830